

What Determines the Strength of a Company's Response to the BLM Movement?

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Introduction

Since the murder of George Floyd on May 25, 2020, public pressure on corporations to play a role in promoting racial justice has expanded significantly. There is a wide body of research theorizing what makes firms responsive to the demands of social movements. Given that there was a sharp increase in contributions to BLM from firms in 2020, understanding what caused this response could play a role in influencing the conduct of social movements in the future while pursuing their objectives.

Research Question

What factors determine how strongly a firm responds to the demands of the Black Lives Matter movement? Specifically, how do various explanatory variables within the composition of a firm's board of directors shape its response? I examine the role of five characteristics of 38 firms: average board tenure, average board age, standard deviation of the board's age, board's level of embeddedness in the corporate network and distance of the firm's headquarters from the nearest protest.

Role of the Research Assistant

My tasks were centered around the collection and processing of data. I collected the information on the boards of a range of organizations, mainly corporations, government agencies, and NGOs.

Data and Methods

Firm response strength was determined by gathering the total value of pledges to Black Lives Matter from Cunningham's book cited below. This

value was adjusted for the firms' sizes by dividing total pledge amounts by the firms' market capitalizations on the date of their last donations.

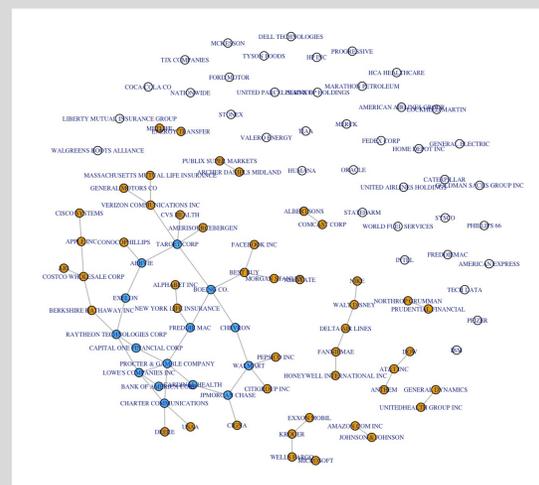
The firms whose characteristics were analyzed were firms who were included in both the list of pledges in Cunningham's data and the Fortune 100 companies list for 2020.

The distance between for each of the 38 firms' headquarters and the nearest protest was calculated using prior data sets of the geographic locations of both firms and protests.

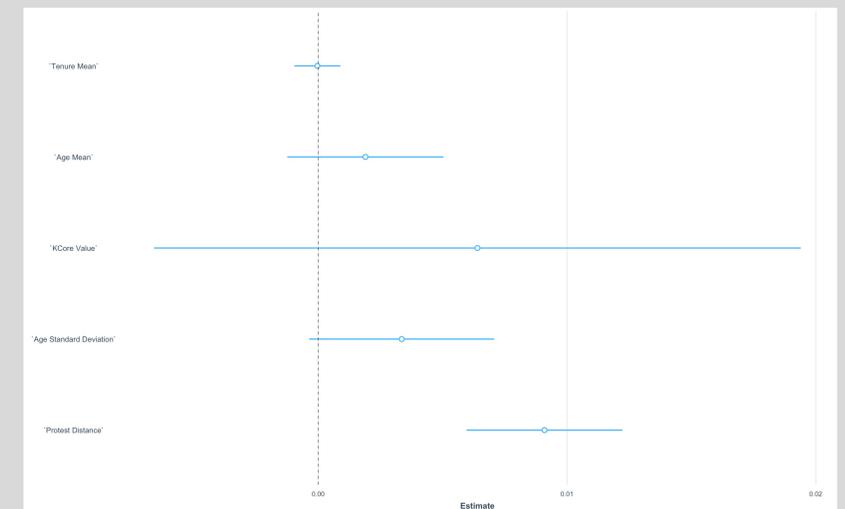
Using the R statistical package, the mean age, standard deviation of age, average tenure, and distance between headquarters and protests were calculated. A network of all Fortune 100 firms for 2020 was also created, and the k-core value of the 38 firms was derived from this network (visualized below).

A regression model was run to analyze the correlations between the explanatory variables and the firms' response strengths (visualized below).

Results



Fortune 100 Network, 2020 (color-coded by k-core value)



Regression Coefficient Plot

Discussion and Conclusion

For this dataset, there exists no significant statistical correlation between a firm's response strength and its board's mean tenure, mean age, standard deviation of age, or level of embeddedness in the larger corporate network. There is a slightly positive correlation between the protest distance from a firm's headquarters and its response strength. There are many opportunities for this research to be expanded, including developing a more comprehensive dependent variable, adding potential explanatory variables, and expanding the network of firms.

References

Cunningham, William Michael. *Thriving as a Minority-Owned Business in Corporate America: Building a Pathway to Success for Minority Entrepreneurs*. Apress, 2021.